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8 Attorneys for Complainant

9 BEFORE THE DEPARTMENT OF CORPORATIONS  
 10 OF THE STATE OF CALIFORNIA  
 11

12 In the Matter of the Statement of Issues of THE ) File No.: 100-1758  
 13 CALIFORNIA CORPORATIONS )  
 14 COMMISSIONER, ) STATEMENT OF ISSUES  
 15 )  
 16 Complainant, )  
 17 vs. )  
 18 MEGAFU ENTERPRISES dba IN N OUT )  
 19 CASH EXPRESS (aka IN AND OUT CASH )  
 EXPRESS) )  
 Respondent.  
 20

21 Complainant, the California Corporations Commissioner (“Commissioner”) is informed and  
 22 believes, and based upon such information and belief, alleges and charges Respondent as follows:

23 **I**

24 **INTRODUCTION**

25 The Commissioner seeks to deny the issuance of a deferred deposit transaction license to  
 26 Megafu Enterprises dba In N Out Cash Express (aka In and Out Cash Express) pursuant to Section  
 27 23011 of the California Deferred Deposit Transaction Law (California Financial Code § 23000 et  
 28 seq.) in that the president and sole shareholder, Chuma Megafu, of In N Out Cash Express has been

1 convicted or pled nolo contendere to a crime within the last ten (10) years.

## 2 II

### 3 THE APPLICATION

4 Megafu was issued a check cashiers permit and a deferred deposit transaction permit  
5 (number 2828) as an individual doing business as Megafu Enterprises. The permits were issued by  
6 the Office of the Attorney General, Department of Justice on May 22, 2003. Pursuant to the passage  
7 of Assembly Bill 971 (Chapter 17, Statutes of 2004), anyone intending to engage in the business of  
8 deferred deposits on or after December 31, 2004, must file an application with the Department of  
9 Corporations for a deferred deposit transaction license. Permits issued by the Department of Justice  
10 to engage in the business of deferred deposit transactions are no longer valid after December 31,  
11 2004, jurisdiction having been transferred to the authority of the Department of Corporations.  
12 Financial Code section 23104 states the provisions of this division shall become effective on January  
13 1, 2003, and shall become operative on December 31, 2004.

14 On or about September 30, 2003, Megafu Enterprises dba In N Out Cash Express, a  
15 California Corporation, filed an application for a deferred deposit transaction license with the  
16 Commissioner (File No. 100-1758 hereinafter "application") pursuant to California Financial Code  
17 section 23100. Chuma Megafu ("Megafu") verified the application as president of In N Out Cash  
18 Express. The application identified Megafu as the sole officer, director and shareholder of In N Out  
19 Cash Express. The application was denied on December 24, 2004.

## 20 III

### 21 DEFERRED DEPOSIT TRANSACTION LAW VIOLATIONS

22 Financial Code section 23008 provides that upon the filing of an application pursuant to  
23 section 23005 and the payment of fees pursuant to section 23006, the commissioner shall investigate  
24 the applicant, and its general partners and persons owning or controlling, directly or indirectly, 10  
25 percent or more of the outstanding interests if the applicant is a partnership. Pursuant to Financial  
26 Code section 23011(a)(2) upon reasonable notice and the opportunity to be heard, the commissioner  
27 may deny the application for any of the following reasons:

28 Any officer, director, general partner, or person owning or controlling, directly or  
indirectly, 10 percent or more of the outstanding interests or equity securities of the

1 applicant has, within the last ten years (A) been convicted of or pleaded nolo  
2 contendere to a crime, or (B) committed any act involving dishonesty, fraud, or  
3 deceit, if the crime or act is substantially related to the qualifications, functions, or  
4 duties of a person engaged in business in accordance with this division.

5 Respondent, Chuma Megafu, president of Megafu Enterprises, has been convicted of a crime  
6 within the last ten (10) years for which the Commissioner may deny the application. On or about  
7 July 21, 1999, Respondent was convicted of violating Health and Safety Code section 11383(c)(1)  
8 (possession with intent to manufacture methamphetamine), a felony.

9 Respondent's felony is substantially related to the operation of the deferred deposit transaction  
10 business because as a license holder he is entrusted with the duty to deposit customer's personal  
11 checks. Respondent's crime involved possession and intent to manufacture methamphetamine,  
12 which is a lucrative enterprise and a cash business. Given the substantial amount of money that  
13 respondent has access to from multiple customers and as the sole signature on the business account,  
14 at this point the Department does not have confidence or trust that Respondent will comply with the  
15 requirements of a licensee under the law.

#### 16 IV

#### 17 CONCLUSION

18 Complainant finds, by reason of the foregoing, that:

- 19 (1) Megafu, the sole officer, director and shareholder of Megafu Enterprises dba  
20 In N Out Cash Express has been convicted of a crime within the last ten (10)  
21 years.  
22 (2) The findings set forth above constitute grounds under California Financial  
23 Code section 23011 to deny the issuance of a deferred deposit transaction  
24 license to Megafu Enterprises dba In N Out Cash Express.

25 THEREFORE, the Commissioner asserts that he is justified under California Financial Code  
26 section 23011(a)(2) in denying the issuance of a deferred deposit transaction license to Megafu  
27 Enterprises dba In N Out Cash Express.

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1           WHEREFORE, the Commissioner prays that the application for a deferred deposit  
2 transaction license filed by Megafu Enterprises dba In N Out Cash Express be denied.

3  
4 Dated: March 14, 2005  
5       Los Angeles, California

WILLIAM P. WOOD  
California Corporations Commissioner

6 By \_\_\_\_\_  
7       Ursula L. Clemons  
8       Corporations Counsel